

**Message from the Governor.**

Executive Department,  
Austin, Texas, May 19, 1933.

To the Texas State Senate:

I herewith return you S. B. No. 440, involving the question of the liquidation of banks through the Banking Commissioner of Texas, which I have disapproved and vetoed. My reason for such action is that if this bill becomes a law it will change the present law which authorizes the closing of insolvent banks and permit said banks to remain open, notwithstanding they have repudiated their obligations and refused to pay their deposits which are due on demand.

By Section 3 of this Act, the board of directors of any banking corporation, notwithstanding it may be insolvent, may meet and call themselves solvent and place their business in the hands of the Banking Commissioner for liquidation and thereby continue to remain open indefinitely under the plea of liquidation and prevent the closing of said bank and the prompt payment of its obligations.

By Section 4 of said Act, a friendly banking commissioner through the appointment of a friendly receiver in some court or through his own action, could permit the banks to stay open under the plea of liquidation indefinitely and in such event under the terms of said Section 4 the stockholders could not be called upon for assessments to pay the losses of said bank. In the meantime the assets of said bank could be consumed in the payment of salaries, expenses

and attorneys fees, all to the detriment of the stockholders and innocent depositors.

It is not necessary to call names, but it is known that this very thing is now being done, and two banking institutions having on deposit some Four Million Dollars of the State's money and hundreds of thousands of dollars of depositors' money, are refusing and failing to pay the State its money or the depositors their money, and they expect immediately upon the passage of this law to either have a friendly receiver appointed, or through the Banking Commissioner to make a contract for extended time of liquidation, and in the meantime the assets of said banks will be consumed largely in the payment of salaries, fees and attorneys fees, all to the detriment of the stockholders and depositors. This very thing has been going on for over two years and it ought to be stopped instead of allowing it to continue through the passage of this kind of legislation.

The individual depositors and the State need this money, and instead of legislation being passed to continue this repudiation, prompt action should be taken to protect the depositors and the State.

This bill is vicious, and I am sure the Legislature was not aware of its real purpose when same was adopted.

Respectfully submitted,

MIRIAM A. FERGUSON,

Governor of Texas.

The message was read.

Senator Woodward moved to refer the message to the Committee on Banks and Banking for consideration. The motion prevailed.

Senator Hopkins moved to pass S. B. No. 440 notwithstanding the Governor's veto and spread the motion on the Journal.